

104TH CONGRESS
1ST SESSION

S. 307

To require the Secretary of the Treasury to design and issue new counterfeit-resistant \$100 currency.

IN THE SENATE OF THE UNITED STATES

JANUARY 31 (legislative day, JANUARY 30), 1995

Mr. LEAHY introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require the Secretary of the Treasury to design and issue new counterfeit-resistant \$100 currency.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Counterfeiting and
5 Money Laundering Deterrence Act of 1995”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—The Congress finds that—

8 (1) advances in technology have made United
9 States currency particularly susceptible to counter-
10 feiting;

1 (2) international organizations hostile to the
2 United States have produced counterfeits of the
3 United States \$100 bill that are extremely difficult
4 to detect;

5 (3) the ability to counterfeit currency allows
6 terrorist organizations or other organizations hostile
7 to the United States to undermine the stability of
8 the United States currency;

9 (4) the ability to counterfeit currency provides
10 terrorist organizations or other organizations hostile
11 to the United States a ready source of negotiable
12 foreign currency with which such organizations can
13 fund activities opposed to the interests of the United
14 States;

15 (5) as shown by counterfeit-resistant currencies
16 of other countries, current technologies exist to
17 make a \$100 denomination currency that is substan-
18 tially more difficult to counterfeit, without being un-
19 duly expensive to produce;

20 (6) implementing a new, counterfeit-resistant
21 currency would substantially impair terrorist organi-
22 zations or other organizations hostile to the United
23 States in efforts to undermine the stability of the
24 United States currency and would eliminate a source
25 of negotiable foreign currency with which such orga-

1 nizations could fund activities opposed to the inter-
2 ests of the United States;

3 (7) an essential aspect of the business of inter-
4 national drug trafficking is the ability to launder
5 large sums of hard currency quickly and inexpen-
6 sively;

7 (8) without the ability to convert large sums of
8 hard currency with near impunity into readily trans-
9 ferable accounts in financial institutions, inter-
10 national drug traffickers would be severely impeded
11 in their operations; and

12 (9) forcing international narcotics traffickers to
13 exchange all of their hard currency held in United
14 States \$100 bills within a specified period of time
15 for a new, counterfeit-resistant currency would sig-
16 nificantly increase the cost of money laundering to
17 drug cartels, thereby reducing their profits.

18 (b) PURPOSES.—The purposes of this Act are—

19 (1) to provide for new, counterfeit-resistant
20 \$100 currencies for use in the United States and
21 abroad to prevent counterfeiting by terrorist and
22 other hostile organizations; and

23 (2) to issue the new currency in a manner that
24 deters money laundering efforts of narcotics traffick-
25 ers.

1 **SEC. 3. COUNTERFEIT-RESISTANT \$100 DENOMINATION**
2 **CURRENCY.**

3 (a) IN GENERAL.—Subchapter II of chapter 51 of
4 title 31, United States Code, is amended by adding at the
5 end the following new section:

6 **“§ 5123. Counterfeit-resistant \$100 currency**

7 “(a) IN GENERAL.—Not later than 6 months after
8 the date of enactment of this section, the Secretary of the
9 Treasury (hereafter in this section referred to as the ‘Sec-
10 retary’), in consultation with the Attorney General of the
11 United States and the Administrator of the Drug Enforce-
12 ment Administration, shall design and designate a domes-
13 tic use \$100 denomination bill and a nondomestic use
14 \$100 denomination bill in accordance with the require-
15 ments of this section.

16 “(b) DESIGN SPECIFICATIONS.—

17 “(1) IN GENERAL.—The designs for the domes-
18 tic use and nondomestic use \$100 currency shall in-
19 corporate—

20 “(A) watermarks, holograms, multicolored
21 patterns, multicolored dyes, or other features to
22 make the currency substantially more difficult
23 to counterfeit than \$100 denomination United
24 States currency in circulation on the date of en-
25 actment of this section;

1 “(B) substantially different coloration or
2 markings to make the new currency clearly and
3 readily distinguishable on casual observance
4 from previously issued \$100 denomination
5 United States currency; and

6 “(C) distinctive coloration such that the
7 domestic use \$100 currency is clearly and read-
8 ily distinguishable on casual observance from
9 the nondomestic use \$100 currency.

10 “(2) DOMESTIC USE DESIGN.—The domestic
11 use \$100 currency shall state on its face, ‘This note
12 is legal tender for all debts, public and private, when
13 presented in the United States. This note shall not
14 constitute legal tender for any debts, public or pri-
15 vate, when presented outside of the United States.’.

16 “(3) NONDOMESTIC USE DESIGN.—The
17 nondomestic use \$100 currency shall state on its
18 face, ‘This note is legal tender for all debts, public
19 and private, when presented outside of the United
20 States.’.

21 “(4) DESIGN CONSIDERATIONS.—In determin-
22 ing design features for \$100 denomination domestic
23 use and nondomestic use currency in accordance
24 with this section, the Secretary shall consider—

1 “(A) the relative efficacy of particular de-
2 sign features in making a currency resistant to
3 counterfeiting; and

4 “(B) the costs of producing bills incor-
5 porating such features.

6 “(c) CURRENCY EXCHANGE.—

7 “(1) PLAN.—Not later than 12 months after
8 the date of enactment of this section, the Secretary
9 shall develop and begin implementation of a plan to
10 require the exchange of all existing \$100 denomina-
11 tion United States currency held within and outside
12 of the United States for \$100 denomination domes-
13 tic use and nondomestic use United States currency
14 issued in accordance with this section.

15 “(2) EXCHANGE REQUIREMENTS.—The plan es-
16 tablished under paragraph (1) shall require the cur-
17 rency to be exchanged—

18 “(A) at financial institutions regulated
19 under United States law and subject to United
20 States currency transaction reporting and other
21 money laundering deterrence requirements; or

22 “(B) at financial institutions that the Sec-
23 retary finds, because of treaty obligations, other
24 provisions of law, or other agreements, are re-
25 quired to report significant transactions in

1 United States currency to the United States
2 Treasury, and abide by such obligations.

3 “(3) 6-MONTH EXCHANGE PERIOD.—

4 “(A) IN GENERAL.—During the period be-
5 ginning on the date that is 12 months after the
6 date of enactment of this section and ending on
7 the date that is 18 months after that date of
8 enactment, the Secretary shall permit the ex-
9 change of circulating \$100 denomination
10 United States currency for equal numbers of
11 the domestic use and nondomestic use \$100
12 currency issued in accordance with this section
13 at institutions described in paragraph (2).

14 “(B) NON-NEGOTIABILITY.—Except for
15 claims pursuant to subsection (e), beginning on
16 the date that is 18 months after the date of en-
17 actment of this section, the United States
18 Treasury shall not recognize \$100 denomination
19 United States currency issued prior to the date
20 that is 12 months after the date of enactment
21 of this section as constituting a negotiable claim
22 against the United States Treasury, and such
23 currency shall not constitute legal tender for
24 any debts, public or private.

1 “(d) DOMESTIC USE AND NONDOMESTIC USE CUR-
2 RENCY.—Beginning on the date that is 18 months after
3 the date of enactment of this section—

4 “(1) domestic use currency issued in accordance
5 with this section shall be recognized as constituting
6 a negotiable claim against the United States Treas-
7 ury only when presented within the United States,
8 and shall constitute legal tender for any debts, pub-
9 lic or private, only when presented in the United
10 States, but such currency may be exchanged for
11 equal values of \$100 denomination nondomestic use
12 currency (or other United States currency) only at
13 financial institutions regulated by United States law
14 and subject to United States currency transaction
15 reporting and other money laundering deterrence re-
16 quirements; and

17 “(2) nondomestic use currency shall be recog-
18 nized as constituting a negotiable claim against the
19 United States Treasury, and legal tender for any
20 debts, public or private, only when presented outside
21 of the United States, but such currency may be ex-
22 changed for equal values of \$100 denomination do-
23 mestic use currency (or other United States cur-
24 rency) at financial institutions regulated by United
25 States law and subject to United States currency

1 transaction reporting and other money laundering
2 deterrence requirements.

3 “(e) LATER EXCHANGE CRITERIA.—United States
4 currency in the \$100 denomination issued prior to the
5 date that is 12 months after the date of enactment of this
6 section may be exchanged later than 18 months after that
7 date of enactment for either domestic use or nondomestic
8 use \$100 denomination United States currency (or other
9 United States currency) only if the Secretary finds, based
10 on substantial evidence, that the \$100 denomination
11 United States currency to be exchanged is not the pro-
12 ceeds of unlawful activity, and, if the amount of such cur-
13 rency to be exchanged totals more than \$10,000, good
14 cause existed for not exchanging it during the exchange
15 period specified in subsection (c)(3).

16 “(f) FINANCING.—The Secretary, in coordination
17 with the Attorney General of the United States and the
18 Administrator of the Drug Enforcement Administration,
19 shall analyze the exchange of currency under this section
20 and determine the amount of existing \$100 denomination
21 United States currency in circulation that is not ex-
22 changed for new domestic use or nondomestic use cur-
23 rency. Credit resulting from extinguished claims against
24 the United States Treasury for amounts that are not ex-
25 changed within the specified exchange period shall be used

1 to fund the requirements of this section. Any additional
2 credit shall be deposited into the general obligation fund
3 of the United States Treasury.

4 “(g) REGULATIONS.—The Secretary may promulgate
5 such regulations as may be necessary to implement this
6 section.”.

7 (b) CONFORMING AMENDMENT.—The chapter analy-
8 sis for chapter 51, title 31, United States Code, is amend-
9 ed by inserting after the item relating to section 5122,
10 the following new item:

“5123. Counterfeit-resistant \$100 currency.”.

11 **SEC. 4. NOTICE OF CURRENCY EXCHANGE PERIOD.**

12 Not later than 6 months after the date of enactment
13 of this Act, the Secretary of the Treasury shall develop
14 and begin implementation of a plan for providing notice
15 of the currency exchange requirements established in ac-
16 cordance with the amendment made by this Act to domes-
17 tic and foreign governments, financial institutions, and
18 other affected persons.

